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PUBLIC SERVICE
COMMISSION

August 22, 2008

Ms. Stephanie Stumbo
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 42602

2008-347

RE: Case # Gas Cost Adjustment Report

Dear Ms. Stumbo:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, October 1, 2008 to December 31, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard", written over a horizontal line.

Gary K. Dillard
President

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QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: 1-Sep-08

Date Rates to be Effective: October 31, 2008 TO December 31, 2008

Reporting Period is Calendar Quarter Ended:

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 8.1088
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	1.5557
+ Balance Adjustment (BA)	\$/Mcf	<u>0.0879</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 9.7524

GCR to be effective for service rendered from: **10-01-08 TO 12-31-08**

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	877,330.62
	+ Sales for the 12 months ended 7/31/2008	Mcf	<u>108,195.10</u>
	- Expected Gas Cost (EGC)	\$/Mcf	8.1088
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	\$ -
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	<u>\$ -</u>
	= Refund Adjustment (RA)	\$/Mcf	\$ -
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ 0.4784
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.5300
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.3616
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ 0.1857</u>
	=Actual Adjustment (AA)	\$/Mcf	\$ 1.5557
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ 0.0475
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0319
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0013
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ 0.0072</u>
	=Balance Adjustment (BA)	\$/Mcf	\$ 0.0879

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 7/31/2008

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended ___ 7/31/2008	Mcf	108,195
<hr/>		
=Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	\$ -

SCHEDULE IV
ACTUAL ADJUSTMENT

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For the 3 month period ended 7/31/2008

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>May-08</u>	Month 2 <u>Jun-08</u>	Month 3 <u>Jul-08</u>
Total Supply Volumes Purchased	Mcf	7,551.26	6,155.71	6,609.28
Total Cost of Volumes Purchased	\$	\$ 92,088.56	\$ 79,153.96	\$ 93,197.42
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 8,067.60</u>	<u>\$ 6,475.60</u>	<u>\$ 7,405.00</u>
= Unit Cost of Gas	\$/Mcf	\$ 11.4146	\$ 12.2234	\$ 12.5857
- EGC in effect for month	\$/Mcf	<u>\$ 9.6903</u>	<u>\$ 9.6903</u>	<u>\$ 9.6903</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ 1.7243	\$ 2.5331	\$ 2.8954
x Actual sales during month	Mcf	<u>8,067.60</u>	<u>6,475.60</u>	<u>7,405.00</u>
= Monthly cost difference	\$	13,911.10	16,403.45	21,440.75
		<u>Unit</u>	<u>Amount</u>	
Total cost difference (Month 1 + Month 2 + Month 3)	\$		\$ 51,755.30	
+ Sales for 12 months ended <u>7/31/2008</u>	Mcf		<u>108,195</u>	
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf		\$ 0.4784	

SCHEDULE V
BALANCE ADJUSTMENT

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For the 3 month period ended 7/31/2008

Line	Particulars	Unit	Amount
1	(1) Total cost difference from actual adjustment used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>(101,743.61)</u> Case No. 2007-00237
2	Less: Dollars amount resulting from the AA of (0.9879) \$/MCF as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of 108,195 MCF during the 12 month period the AA was in effect.		
3		\$	<u>(106,885.94)</u>
4	Equals: Balance Adjustment for the AA.	\$	<u>5,142.33</u>
5	(3) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
6	Less: Dollar amount resulting from the RA of - \$/MCF as used to compute the OCR in effect four quarters prior to the effective GCR times the sales of 108,195 MCF during the 12 month period the RA was in effect.		
7		\$	<u>-</u>
8	Equals: Balance Adjustment for the RA.	\$	<u>-</u>
9	(3) Total Balance Adjustment used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
10	Less: Dollar amount resulting from the BA of - \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of 108,195 MCF during the 12 month period the BA was in effect.		
11		\$	<u>-</u>
12	Equals: Balance Adjustment for the BA.	\$	<u>-</u>
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>5142.33</u>
14	Divided By: Sales for 12 months ended 7/31/2008	\$	<u>108,195</u>
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>0.0475</u>